

Office of the City Auditor City of San Diego

Emergency Medical Services: The City Should Improve Oversight, Recover Costs, and Enhance Response Time Reporting

Audit Committee Meeting,
May 2, 2011



Background

San Diego Medical Services (SDMS) History

- The City partnered with Rural/Metro and established SDMS, LLC, in 1997
- Previously, the City had contracted with private ambulance companies
- The City has awarded SDMS contracts for the delivery of Emergency Medical Services (EMS)
- SDMS reimburses the City and Rural/Metro for their expenses monthly, and profits are distributed periodically

Background

EMS Delivery in San Diego

- The majority of SDMS paramedics and EMTs are Rural/Metro employees
- The City is contractually obligated to provide first responders to emergency calls
- The Fire-Rescue Department provides first responders on fire engines / trucks
- Over 85 percent of emergency calls to Fire-Rescue are for medical services

Objectives

- City oversight of the contractual agreements with SDMS
- Financial transactions
 - ♦ Revenues
 - ♦ Expenditures
 - ♦ Subsidies
 - ♦ Fees
 - ♦ Patient billing
 - ♦ Bad debt collection
- The reimbursement of first responder costs to the City
- Ambulance response time performance reporting to City Council

Scope and Methodology

- Analyzed SDMS data for Fiscal Years 2006 – 2010
- Reviewed the following:
 - ♦ Laws, policies, and regulations related to EMS;
 - ♦ Agreements and information related to SDMS and Rural/Metro;
 - ♦ Financial information and management reports;
 - ♦ Current EMS processes and practices;
- Met with and interviewed:
 - ♦ City and Fire-Rescue management
 - ♦ Key staff involved in EMS
 - ♦ Rural/Metro officials
- Analyzed the quality and effectiveness of the reporting related to EMS and SDMS.
- Worked closely with the Office of the City Attorney

Finding 1

Several Accounting Issues are Unresolved

- Expense reimbursements to Rural/Metro are not reviewed by the City
- Collections on debts that were previously written off may not have been remitted to the City
 - ◆ \$4.2 million not deposited in accordance with contract terms (between May 2002 and February 2007)
 - ◆ Excess reimbursement of \$5.8 million (for Fiscal Year 2006 through 2010)
- Certain fees and interest charges that the City agreed to pay Rural/Metro appear excessive or potentially duplicative

Finding 2

Financial Oversight of SDMS and Partnership with Rural/Metro is Inadequate

- The City does not sufficiently analyze financial reports it receives from Rural/Metro
- The SDMS Board of Managers did not provide proper financial oversight

Finding 3

The City is not Seeking Full Reimbursement for First Responder Costs

- The City incurs the cost of providing first responders to Priority 1 calls
- These costs amount to approximately \$11 million a year
- The EMS Agreement between SDMS and the City allows for expense reimbursements

Finding 4

Current Response Time Reporting is Incomplete and Inflates Results

- Response time is based on the percentage of times dispatched ambulances arrive on scene within 12 minutes
- The current SDMS practice of classifying 37 percent of calls as “unusual system overload” inflates EMS compliance figures by four percent (from 93 to 97 percent)
- Response time reporting is based on contractual compliance, but does not include dispatch time

Recommendations

- We made 11 recommendations, some of which may be resolved through a new contract with Rural/Metro
- The most significant recommendations are:
 - ◆ Conduct a complete forensic accounting examination of SDMS
 - ◆ Implement a comprehensive monitoring program for EMS contractors
 - ◆ Report total ambulance response times (including dispatch time) to the City Council